

The complaint

Mr I is unhappy that Lloyds Bank Plc won't reimburse a loss he suffered after being a victim of fraud.

What happened

As the circumstances of this complaint are well-known to both parties, I have summarised them briefly below.

In September 2024, Mr I was looking to rent a property. He enquired regarding a specific property on a website and received contact from the someone purporting to be the landlord.

After being satisfied with the property, he proceeded to make an initial payment toward the deposit from his Lloyds account. Mr I was then asked to make three further payments for advanced rent payment and bills.

Mr I eventually realised he'd been the victim of fraud when person he was speaking with asked him again for a further payment. It was at this stage he began to attempt to contact the third-party by call and video but was unsuccessful.

Mr I reported the matter to Lloyds. It managed to recover a small amount of the funds lost from the receiving bank. But after considering Mr I's claim, it decided not to reimburse him his loss. That was due to Mr I making the payments without a reasonable basis of belief that the payment was for legitimate purposes.

Mr I was unhappy with that response, so he referred the complaint to our service for an independent review. An Investigator considered the complaint but found Lloyds ought to have partially reimbursed Mr I his loss.

Lloyds agreed with the Investigator's assessment, but Mr I felt he was due a full reimbursement of the loss. As Mr I didn't agree, the matter was passed to me to decide.

On 1 October 2025, I issued provisional findings to both parties setting out my intention to not uphold the complaint. Those findings were as follows:

"I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

In deciding what's fair and reasonable in all the circumstances of a complaint, I'm required to take into account relevant: law and regulations; regulators' rules, guidance and standards; codes of practice; and, where appropriate, what I consider to have been good industry practice at the time.

There is no dispute here that Mr I authorised the transactions in question. And the starting position in law is that he will be held liable for the transactions authorised in the first instance. That is due to Lloyds' primary obligation to process payments in line with its customer's instructions, as set out in the Payment Services Regulations 2017.

However, Lloyds was a signatory to the Lending Standards Board's Contingent Reimbursement Model (the CRM Code) at the time the payments were made. Under that Code, firms are expected to reimburse customers that fall victim to fraud, subject to a number of exceptions.

One of the exceptions, relevant to this complaint, is where Lloyds can demonstrate Mr I made the payments without a reasonable basis for believing they were for genuine goods or services, or, the person/business with whom he transacted was legitimate.

Can an exception to reimbursement be relied upon here?

Having considered the evidence carefully, I'm satisfied that Lloyds has reasonably demonstrated that an exception to reimbursement can be relied upon here.

As part of the evidence submitted by Mr I, he has told our service that he discovered the property on a website I will refer to as Business R. He said that he relied upon the information held on that website as it advertised that it carried out due diligence on its listings and it came recommended by a friend.

However, Mr I has provided the original contact that was made with the 'landlord', who I will refer to as Mr R. Within this chain of emails, I can see where contact with them started. And that was not as a result of an advertisement with Business R. The initial contact shows that Mr R had received an enquiry from Mr I on a website I will refer to as Business W. This website has since been taken down, but open-resource research shows that there were negative reviews of the business online—before Mr I made his payments—claiming it was a fraud. I have also seen no evidence that suggests that Business W carried out similar due diligence on its listings as Business R did.

Therefore, I find Mr I ought reasonably to have approached the listing with additional care and caution.

I can see that beyond the listing within the website, Mr I didn't take any additional steps to ensure he was dealing with a legitimate landlord or property listing. Nor did he pay attention to concerning aspects of the circumstances. For instance:

- Basis research would have revealed that the price was too-good-to-be-true for a property or that size in that area: by a long way.
- Mr I didn't view the property before making payments, either in person or via a video call viewing. Nor did he attempt to call or video call the 'landlord' to ensure they were the person who they claimed they were from documentation provided.
- Mr I was being asked to make payments to an account not in the name of the person he was corresponding with.
- Documents he was provided by the third-party regarding their ownership or the property and identity contained a litany of spelling, grammar and formatting errors, and appear altered.

This meant that not only did Mr I merely rely upon a website listing he'd found with no real due diligence carried out, he ignored a number of red flags that a reasonable person ought to have been concerned about.

I am sympathetic to Mr I's situation and acknowledge that he has been the victim of a cruel fraud. But where a firm, such as Lloyds, can reasonably demonstrate that a payment was made without a reasonable basis for believing that it was for a legitimate service, it can fairly choose not to reimburse under the exceptions of the CRM Code. I find that it has done so fairly in these circumstances.

I don't intend to go into detail regarding the additional payments Mr I authorised, as I'm not persuaded he had a reasonable basis of belief from the outset. But for the avoidance of doubt, I find the requests for payments became less believable over time. A summary of my reasons for making that assessment is:

- Mr I was being asked to pay in advance for bills, despite originally being told the rent included this and Mr I never having lived at the property at that stage.
- Mr I ought reasonably to have identified that continuous payment requests were highly suspicious as they were outside the original terms of holding the property that were agreed.
- At the point Mr I had made those additional payments, he'd not been provided with any plausible or persuasive evidence that the listing was legitimate outside what he had already seen.

Overall, I'm satisfied that Lloyds can rely upon an exception to reimbursement under the provisions of the CRM Code here.

Could Lloyds have done more to prevent the fraud?

The Code also says that firms, such as Lloyds, ought to be on the lookout for payments that present a fraud risk. And where it identifies such payments, it should intervene in them and provide effective warnings. If Lloyds fails in its requirements to this regard, it can also be held partially liable for the loss here.

Lloyds has a difficult balance to strike in carrying out its primary obligation of processing payments in line with its customer's instructions and detecting and preventing payments that present a risk of fraud. And it must also be taken into consideration that Lloyds processes a substantial number of payments at any given time.

Accounting for the above, I'm not persuaded that the payments Mr I made did present a fraud risk, to the extent that it ought to have intervened and provided warnings.

While I don't doubt the payments were significant in value for Mr I, they didn't stand out when considering them against his normal account activity. Mr I regularly made faster payments from his account for similar and higher amounts in the months that led up to the fraud.

I've also observed that the initial two payments made were on a different day to the second two payments. So they weren't in quick succession or rapidly leaving the account—as would normally be indicative of fraud.

Combining Mr I's usual account usage with the pattern of expenditure seen in these payments, I don't find that Lloyds has breached the standards set out within the Code. It therefore cannot be held partially liable for Mr I's loss."

Lloyds responded that it had nothing further to add. But Mr I disagreed with those findings. In summary, he argued:

- My decision was not accurate, in that he did express a concern when he was asked to pay a third-party account and was provided sufficient reassurances by the fraudster.
- He did make attempts to contact the fraudster.
- He had noticed inconsistencies and questioned these. He was provided with reassurances and evidence at each stage that counteracted his concerns.

As both parties have now responded to my provision findings, I am able to issue my final decision.

What I've decided – and why

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

I have carefully considered Mr I's responses, but am not persuaded to depart from the provisional findings I have made.

I have been unable to consider all of Mr I's arguments, as some of the references he has made are not written within the decision I issued. However, one of his points centres around him making a payment to an account, not in Mr R's name, without concern.

I did not say in my decision that Mr I made the payment without concern, I was merely highlighting this as one of the several red flags he ought to have taken notice of. While Mr I did express concern with some of the risk indicators he was presented with, he seemingly took the explanation of the fraudster at face value and didn't independently verify any of the information he was provided. And this is especially important when considering he had met the fraudster on an unverified platform and was being offered a rental property that was significantly under-valued for its size and location.

Mr I has also argued that he did attempt, on several occasions, to call the landlord but they were left unanswered. While I agree that Mr I did attempt contact, this was *after* he'd sent the payments and not before. Prior to making the payments, Mr I had only communicated with the fraudster via written correspondence.

Mr I has said that some of the language used in my decision has caused him offence, and I am sorry if that was the case: but it was not my intention. References to a reasonable person test are made to determine if a person's conduct was negligent. And as a relevant consideration in this complaint is the CRM Code—which allows exceptions to reimbursement under a reasonable belief test—I have made references to reasonable behaviour. This was not to make Mr I feel foolish—as he has said it has—but to point out what he ought to have done to protect himself and hold a reasonable basis for believing the rental was a legitimate one.

Mr I remains the victim of cruel fraud, and I have not lost sight of that. He should not blame himself for a crime that has been committed against him, as it is the fraudster who is responsible for such actions. But my role here is to determine if Lloyds has acted fairly in the circumstances. And when considering Mr I's complaint against the principles of the CRM Code, I do find from the evidence that Lloyds has been able to demonstrate an exception to reimbursement in the circumstances. I am sorry that my reasons for doing so have caused offence.

My final decision

For the reasons I have given above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr I to accept or reject my decision before 14 November 2025.

Stephen Westlake
Ombudsman